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SUBJECT: CHILE MEDIA REPORT - JULY 13

July 13, 2009

Chile-U.S.

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11. Secretary Hillary Clinton informed the Bachelet government that the United States would not support Jose Miguel Insulza's reelection to the OAS. The United States reiterated its position just before Bachelet's visit to Washington. Sources in Washington and of the GOC confirmed on Friday (7/10) that Secretary Clinton herself had communicated twice with the Bachelet government over the past weeks to express its concern with Insulza's efforts for Cuba to reenter the OAS. Sources tied to the Democratic Party said that Secretary Clinton was concerned about Insulza's push for Cuba to reenter the OAS without conditions, when the United States was doing exactly the opposite. Washington sources said that on June 2, Clinton had informed Chilean officials, including Foreign Minister Fernandez, that "the United States did not view Insulza's reelection positively" (El Mercurio, 7/12).

12. The OAS resolution to eliminate the ban on Cuba's membership generated a wave of criticism in the United States that did not leave the Obama administration indifferent; Influential Hispanic Senator Robert Menendez was among those who strongly criticized the resolution. Sources tied to Assistant Secretary Thomas Shannon said Clinton spoke to the Chilean government again just before Bachelet traveled to Washington to reiterate that the United States would not support Insulza's reelection. The crisis in Honduras was another element in this matter. Clinton's appointment of President Oscar Arias as the sole negotiator in the Honduran crisis was a major blow to Insulza, because it relegated him to a secondary role in the resolution of the crisis (El Mercurio, 7/12).

13. CNN interviewed OAS Secretary General Insulza to discuss the press report that the United States would not support his reelection to the OAS. Insulza denied this, basing his argument on official sources such as Chilean Foreign Minister Fernandez and Assistant Secretary State Thomas Shannon. But CNN insisted that its correspondents had "confirmed the information with Department of State sources" (Mercurio, 7/13).

14. Insulza said the news on the eventual rejection of the United States to his reelection came as a surprise, adding that "this has more to do with Honduras than with anything else (...) These are the same individuals who were lobbying against me in 2005... who believe the OAS should be different from what it is today and will insist on that" (Mercurio, 7/13).

15. Foreign Affairs Minister Mariano Fernandez refuted press reports

that the USG had informed of Chile of its position regarding Insulza's reelection. In local political circles there was unanimous support for Insulza after reports that the United States would not give him its vote. However, there is also the general view that Insulza's efforts to bring Cuba back into the organization left him in an uncomfortable position with regard to the Obama administration. Sebastian Pinera suggested Insulza should "apply the 2001 Democratic Charter with more conviction." Senate foreign relations committee member Roberto Munoz said that the U.S. decision to replace Insulza as a mediator in the Honduras crisis has left the Secretary General in a difficult position (El Mercurio, 7/13).

¶16. Department of State sources said the United State has not informed the Bachelet government of any decision regarding Insulza's reelection to the OAS. Both Secretary Clinton and Assistant Secretary Shannon's office said that the only time that Obama and Bachelet discussed Insulza was during the Chilean president's visit to Washington, when Bachelet "insisted on us supporting his reelection. But we did not commit our position, said the source (La Tercera, conservative, independent, 7/13).

¶17. Assistant Secretary Thomas Shannon said, "The United States has not expressed a position to the government of Chile on this issue." But it's widely known among those in Washington responsible for Latin America that U.S.-OAS relations have become tense over the past weeks. They were strained when Insulza sided with Chavez and endorsed Cuba's reentry into the OAS without conditions and got worse with Zelaya's ousting in Honduras. The USG hoped Insulza would seek channels of communication to find a peaceful solution; The last straw was Zelaya's attempt to return to Honduras (La Tercera, 7/13).

¶18. Foreign Affairs Minister Mariano Fernandez "denied" that the United States had notified Chile of its decision not to support Jose Miguel Insulza's reelection to the OAS. "That is not accurate. I don't know the source. I have spoken three times to her (Bachelet) and she has not mentioned this," said Fernandez. The Foreign Minister also expressed his support for Insulza's work. "We've received positive opinions from several governments (on Insulza's reelection) that we won't reveal, because we must wait for them to express this in writing," said Fernandez (La Tercera) and government-owned, editorially independent La Nacion, 7/13).

¶19. Assistant Secretary Thomas Shannon confirmed Foreign Affairs Minister Fernandez who denied that the United States has not informed the GOC of its position on Insulza's reelection. Analysts believe that the information is a message for Insulza to change his approach to some issues (La Nacion, 7/13).

¶110. In the Senate foreign relations committee hearing, Assistant Secretary nominee Arturo Valenzuela focused on the consolidation of democracy. Valenzuela noted that all countries in the hemisphere have legitimately elected presidents, which is why the situation in Honduras is "unacceptable." Jim DeMint then asked if this meant, "That we will use democracy to legitimize autocrats." Valenzuela responded, "Democracy's problems must solved in democracy and constitutionally" (La Tercera, 7/13).

¶111. Upon arriving in Santiago, Insulza rebutted reports that the United States would not back his reelection: "The few sources that have a name are from right-wing people in the United States, which oppose the U.S. government. They are not the most qualified sources, but for some reason newspapers believe they are credible" (Cooperativa Radio on-line, 7/13).

¶112. "The important thing in the end is that all countries in the hemisphere have already established in the OAS the parameters and principles that must guide any negotiation in this crisis.... Insulza had a crucial role in that which should be considered as countries assess the secretary general's reelection" (Boris Yopo commentary, La Nacion, 7/12).

Chile-Peru  
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¶113. "Chile is always saying, 'We are transparent,' but this is not enough when it buys (weapons) beyond what is considered reasonable for any country in the region," said Peruvian Defense Minister Antero Flores-Araoz to the information that Chile would be

negotiating the acquisition of weapons from the United States (La Tercera, 7/11)

#### Chilean and Russian helicopters

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¶14. Editorial: "The purchase of... Russian transportation helicopters... has created a controversy.... Some say there was pressure from Russia and domestically in this transaction to increase bilateral trade with Moscow.... Having diverse suppliers has its advantages for national security, especially considering the increase in military material of U.S. origin and the precedent of the (U.S.) embargo through the Kennedy Amendment.... But the technical analysis must have priority and all political considerations must be eliminated" (El Mercurio, 7/12).

DEA

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¶15. The Public Ministry issued an order for the DEA to join the investigation of an operation to smuggle 1.4 tons of ephedrine - a chemical used to manufacture methamphetamines - to Mexican cartels. The DEA will examine the computers, documents and telephone numbers in this case (La Tercera, 7/13).

URBAN